

McLachlan, Rissman & Doll

McLachlan, Rissman & Doll
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November 20, 1998

Q.T.
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RECORDATION NO. 21260-A FILED

NOV 23 '98

3-07PM

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RECEIVED
SURFACE TRANSPORTATION
BOARD

Gentlemen:

Counterparts -
Enclosed for recordation in your office pursuant to the provisions of 49 U.S.C. §11301 are two original counterparts of a Partial Release of Security Interest dated as of October 15, 1998, (the "Partial Release"), a secondary document as defined in the Surface Transportation Board's rules for recordation of documents, 49 CFR §1177.1.

The primary document to which the enclosed document is connected is a Security Agreement dated as of March 4, 1998. The Security Agreement was recorded in the Surface Transportation Board's recordation files and records pursuant to 49 U.S.C. §11301 under Recordation No. 21260.

The name and address of the party to the enclosed Partial Release is as follows:

Lender: Russell S. Penniman IV and Carol G. Penniman
P.O. Box 1797
Rancho Santa Fe, CA 92067

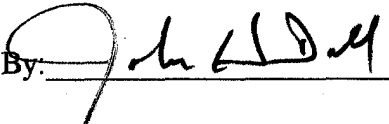
The property covered by the enclosed Partial Release includes solely the railroad equipment identified on Exhibit A attached to the Partial Release being transmitted by this letter.

Enclosed is a check payable to the order of the Surface Transportation Board covering the recordation fee. Please return the file-stamped copy of the enclosed document in the self-addressed, stamped envelope.

A short summary of the enclosed secondary document to appear in the Surface Transportation Board's files is as follows:

Partial Release of certain equipment subject to the Security Agreement dated as of March 4, 1998 by Bangor and Aroostook Railroad Company, covering rail equipment.

McLachlan, Rissman & Doll

By: 

NOV 23 '98

3-07 PM

PARTIAL RELEASE OF SECURITY INTEREST

Reference is made to that certain Security Agreement dated as of March 4, 1998 made by Bangor and Aroostook Railway Company, a Maine corporation (the "Debtor"), in favor of Russell S. Penniman IV and Carol G. Penniman (the "Lender") (the "Agreement"), filed with the Surface Transportation Board under Recordation No. 21260 on March 9, 1998.

The Lender agrees as follows:

1. Effective as of October 15, 1998, the Lender releases its security interest in and to certain railroad rolling stock described in Exhibit A, together with all additions, parts, fittings, accessories, special tools, attachments, and accessions now and hereafter affixed thereto and/or used in connection therewith, all replacements thereof and substitutions therefor, and all cash and non-cash proceeds thereof (collectively, the "Released Equipment"), and any accounts, property, securities or monies of the Debtor which may at any time be assigned or delivered or come into possession of the Lender, together with the proceeds thereof (but solely to the extent such relates to the Released Equipment), which security interest was granted to the Lender pursuant to the terms of the Agreement.

2. The Lender's interests and rights under, and security interest in and to the collateral described in the Agreement, shall remain in full force and effect except as expressly provided by this release.

{SIGNATURES APPEAR ON THE FOLLOWING PAGE}

LENDER :

Russell S. Penniman IV

Russell S. Penniman IV

Carol G. Penniman

Carol G. Penniman

State of California, County of San Diego, TO WIT:

I HEREBY CERTIFY, that on this 3rd day of November, 1998, before me, the undersigned, a Notary Public of the State of California, personally appeared Russell S. Penniman IV and Carol G. Penniman, ~~known~~ (or satisfactorily proven) to be the parties whose names are subscribed to the within instrument, and acknowledged that they executed the same for the purpose therein contained as the Lender in said Agreement.

AS WITNESS my hand and Notarial Seal.

Stephanie G. Reed
Notary Public

(SEAL)

My commission expires: Nov 8, 2000.



Exhibit A To Partial
Release of Security Interest

RELEASED EQUIPMENT

Unit #

Description

BAR 502

F-3 1500 hp Locomotive

BAR 116

Passenger Car (Shell)

BAR 117

Passenger Car (Shell)

BAR 118

Passenger Car (Shell)

BAR 119

Passenger Car (Shell)